

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

DSCF Standard Mail Load Leveling

Docket No. N2014-1

PRESIDING OFFICER'S RULING GRANTING IN PART MOTION TO COMPEL
RESPONSE TO INTERROGATORY PR/USPS-T1-25

(Issued February 14, 2014)

On January 31, 2014, the Postal Service filed objections to interrogatory PR/USPS-T1-25 filed by the Public Representative.¹ On February 5, 2014, the Public Representative filed a motion to compel a response to this interrogatory.² On February 12, 2014, the Postal Service filed a response in opposition to the Public Representative's Motion to Compel.³ The Motion to Compel is denied as to subparts (a) and (b)(i)-(iv) and granted as to the initial portion of subpart (b) and subparts (c) through (f).

¹ United States Postal Service Objection to Public Representative Interrogatory (PR/USPS-T1-25), January 31, 2014 (Objection); Public Representative Third Interrogatories and Requests for Production of Documents to United States Postal Service Witness Malone (PR/USPS-T1-21-29), January 24, 2014.

² Public Representative Motion to Compel Response to PR/USPS-T1-25, February 5, 2014 (Motion to Compel).

³ Opposition of the United States Postal Service to the Public Representative's Motion to Compel Response to PR/USPS-T1-25, February 12, 2014 (Opposition).

Interrogatory PR/USPS-T1-25 requests the following:

PR/USPS-T1-25

The Postal Service recently announced plans to delay Phase 2 of its Network Rationalization Initiative.

- a. Please confirm that the Postal Service plans to delay Phase 2 of its Network Rationalization Initiative.
- b. Please discuss and explain in detail the interaction between the Load Leveling Initiative and Mail Processing Network Rationalization (MPNR).
 - i. Please provide the savings realized as a result of Phase 1 of MPNR.
 - ii. Please provide an estimate of how implementation of the Load Leveling Plan will impact savings realized from Phase 1 of MPNR.
 - iii. Please provide the estimated savings expected to be realized through implementation of Phase 2 of MPNR.
 - iv. Please provide an estimate of how implementation of the Load Leveling Plan will impact savings expected to be realized from Phase 2 of MPNR.
- c. Did Phase 1 of MPNR impact the volume of mail delivered on Mondays? Please identify, describe, and provide all documents detailing the impact of Phase 1 of MPNR on the percentage of volume delivered on Mondays.
- d. Is Phase 2 of MPNR expected to impact the volume of mail delivered on Mondays to meet service standards? Please identify, describe, and provide all documents detailing the impact of Phase 2 of MPNR on the percentage of volume delivered on Mondays.

- e. Did Phase 1 of MPNR impact the percentage of carriers on the street after 1700? Please identify, describe, and provide all documents detailing the impact of Phase 1 of MPNR on carriers working after 1700.
- f. Will Phase 2 of MPNR impact the percentage of carriers on the street after 1700? Please identify, describe, and provide all documents detailing the impact of Phase 2 of MPNR on carriers working after 1700.

Postal Service Objection. The Postal Service confirms that it has postponed the implementation of Phase 2 of MPNR (subpart (a)), however, it objects to the remaining subparts. It claims that the information requested by subparts (b) through (f) has been covered extensively in Docket No. N2012-1 and is beyond the scope of the current docket. Objection at 2. It asserts that information about expected or realized savings from MPNR (as requested by subpart (b)), the impact of MPNR on volume (as requested by subparts (c) and (d)), and information regarding the impact of MPNR on carriers working past 1700 (as requested by subparts (e) and (f)) are “wholly irrelevant” to the Postal Service’s request for an advisory opinion on the Load Leveling Plan. *Id.* It states that Network Rationalization is not at issue in this docket and none of its witness testimony relies on any information related to this interrogatory. *Id.* It further contends that the information requested in subparts (b)(iii), (b)(iv), (d), and (f), which require estimates of the impact of Phase 2 of MPNR are beyond the scope of this docket because Phase 2 changes the service standards for First-Class Mail and Periodicals only. It does not affect the service standards for Standard Mail, which is the only class affected by the Load Leveling Plan. *Id.* at 3.

Public Representative motion. The Public Representative asserts that the Load Leveling Plan should not be evaluated in isolation. Rather, she states that it must be evaluated by the Commission in the context of ongoing service changes and cost saving initiatives. Motion to Compel at 3. She states that in order to determine whether

the Load Leveling Plan conforms to the policies of title 39, the Commission must have the ability to assess: (1) whether other changes to the network will negatively or positively impact the Postal Service's projected cost savings from the Load Leveling Plan; (2) whether data provided in this filing has been skewed by other changes occurring in the network; (3) whether the implementation of Phase 2 of MPNR will negatively impact projected benefits from the Load Leveling Plan; and (4) how implementation of the Load Leveling Plan will impact the benefits that have already been realized from Phase 1 of MPNR and the benefits expected to be realized from Phase 2. *Id.*

The Public Representative asserts that the relationship between MPNR and the Load Leveling Plan is even more significant than that between the Load Leveling Plan and the 5-day delivery plan. *Id.* She points out that the 5-day delivery plan was discussed by MTAC Workgroup 157 in its consideration of the Load Leveling Plan; there is no evidence that the effects of MPNR were similarly deliberated. *Id.* at 4.

Finally, she contends that the information sought in interrogatory PR/USPS-T1-25 is relevant to the Load Leveling Plan because evidence filed in this docket indicates that implementation of Phase 1 of MPNR has placed a strain on mail processing and delivery networks. She underscores the importance of exploring this area further in order to determine how the mail processing and delivery networks will continue to evolve and assess how the combination of the Load Leveling Plan and the current and future phases of MPNR will create unintended consequences for the mail network. *Id.* She also challenges the Postal Service's contention that the information sought in this interrogatory has been developed in Docket No. N2012-1 by stating that her question relates to the delay of Phase 2 implementation and the interplay between the Load Leveling Plan and MPNR. *Id.* at 5.

Postal Service answer. The Postal Service reiterates its contention that information regarding anticipated or actual results of MPNR is not relevant to the Load Leveling Plan, nor is it necessary for the Commission's review in this docket. Opposition at 2-3. It states that the Public Representative advocates an approach that

would significantly expand the scope of this docket by allowing examination of any past, present, and future operational or service change initiatives. *Id.* at 3. It asserts that the cost savings of the Load Leveling Plan itself do not have to be estimated in order for the Commission to provide an advisory opinion, and there is no evidence that cost savings from any other operational changes are relevant to evaluating the proposed service change in this docket. *Id.* at 4.

The Postal Service also claims that this case is not the proper forum for the Public Representative's inquiry on carrier overtime hours or Monday delivery volume under MPNR. Rather, it states that these questions should have been raised during the pendency of Docket No. N2012-1. *Id.* at 5. It maintains that developing a response to the Public Representative's interrogatory would be burdensome, as it would "require resources well beyond those justified by the limited scope of this docket." *Id.* at 6. Finally, it states that although the Postal Service referred to a 5-day delivery scenario in its discussions with MTAC Workgroup 157, it did not conduct an assessment of how 5-day delivery would impact the Load Leveling plan.

Discussion. Commission rules "allow discovery reasonably calculated to lead to admissible evidence during a noticed proceeding." 39 C.F.R. § 3001.25(a). Subject to that requirement, interrogatories may request "nonprivileged information relevant to the subject matter" of the proceeding. 39 C.F.R. § 3001.26(a).

The Postal Service has provided a *Federal Register* cite responsive to the information requested by subpart (a).⁴ This is publicly available information, which may be cited by the Public Representative. It is unnecessary for the Postal Service to provide a further response.

The first part of subpart (b) asks the Postal Service to "discuss and explain in detail the interaction" between the Load Leveling Plan and MPNR. The Postal Service appears to have designed both the Load Leveling Plan and MPNR to produce cost savings while maintaining or minimally affecting service standards. The principal

⁴ See Revised Service Standards for Market-Dominant Mail Products; Postponement of Implementation Date, 79 Fed. Reg. 4079 (January 24, 2014).

savings attributable to the Load Leveling Plan appear to relate to reduced delivery costs. The extent to which MPNR may affect that objective is a relevant consideration in the evaluation of the Load Leveling Plan.

Subpart (b) (i)-(iv) requests information regarding actual and projected savings realized from Phases 1 and 2 of MPNR, and how the Load Leveling Plan would affect these savings. The actual and projected cost savings from MPNR do not appear to be relevant to the analysis of the Load Leveling Plan. While the former may affect any potential savings associated with the latter, the Postal Service previously asserted it has not undertaken a cost savings estimate on a nationwide basis for the Load Leveling Plan. See Response to PR/USPS-T1-9. Assuming the Postal Service does not have updated information to provide, the Public Representative may rely on the representation that the Postal Service has not made an estimate.

Subparts (c) through (f) request material related to the impact of Phases 1 and 2 of MPNR on Monday delivery volume and carriers out after 1700. Phase 1 commenced in July 2012, so the Postal Service has considerable experience with this program. These questions are potentially relevant to evaluating the Load Leveling Plan. Implementation of Phase 2 of MPNR has been deferred; it has not been canceled. Consequently, Phase 2 may have a bearing on potential savings achievable under the Load Leveling Plan. Subparts (c) and (e) seek information concerning actual results under MPNR that relate directly to the goals of the Load Leveling Plan.

Similarly, subparts (d) and (f) request the Postal Service's projection of how Phase 2 may affect volumes delivered on Monday and carrier street time. This projection may be colored by its experience under Phase 1. Given that Phase 2 has not been canceled, the information requested remains relevant to the issues raised in this docket. The Postal Service argument that Phase 2 of MPNR only concerns First-Class Mail and Periodicals is unpersuasive because the overall volume of mail may be what keeps carriers out past 1700, not just DSCF entered Standard Mail. Thus, a response may help in the analysis of the Load Leveling Plan.

Because of the quickly approaching deadlines for initial and reply briefs, the Postal Service is directed to provide responses to interrogatory PR/USPS-T1-25 as set forth in this ruling no later than February 19, 2014.

RULING

1. The Public Representative Motion to Compel Response to PR/USPS-T1-25, filed February 5, 2014, is denied as to subparts (a) and (b)(i)-(iv).
2. The Public Representative Motion to Compel Response to PR/USPS-T1-25, filed February 5, 2014, granted as to the initial portion of subpart (b) and subparts (c), (d), (e), and (f).
3. The Postal Service is directed to file responsive information no later than February 19, 2014.

Mark Acton
Presiding Officer